

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13											
1331 Emergency Change Request for FY 08-09 Budget Request Cycle											
	Decision Item FY 08-09 <input type="checkbox"/>	Base Reduction Item FY 08-09 <input type="checkbox"/>		Supplemental FY 07-08 <input checked="" type="checkbox"/>		Budget Request Amendment FY 08-09 <input type="checkbox"/>					
Request Title:	DHS - OITS Colorado Benefits Management System (CBMS) Refinancing FY 2005-06										
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew <i>JB</i>			Date:	June 6, 2008		
Priority Number:	N/A			OSPB Approval:	<i>John M. Z...</i>			Date:	6/6/08		
		1	2	3	4	5	6		8	9	10
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	1331 Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	0	359,018	659,296	1,018,314	0	0	0	0	0	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	0	359,018	659,296	1,018,314	0	0	0	0	0	0
(6) DHS Medicaid Funded Programs - (B) Office of Information Technology Services, CBMS Federal Reallocation	Total	0	359,018	659,296	1,018,314	0	0	0	0	0	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	0	359,018	659,296	1,018,314	0	0	0	0	0	0
Letternote revised text:	Funding provided by the Department of Treasury reserved through HB 07-1359 will represent the State share.										
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX										
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, List Other Departments Here: Department of Human Services, Department of Treasury										

Schedule 13
Emergency Change Request for FY 08-09 Budget Request Cycle

Request Title: Decision Item FY 08-09 ☐ Base Reduction Item FY 08-09 ☐ Supplemental FY 07-08 ☒ Budget Request Amendment FY 08-09 ☐
Department: Colorado Benefits Management System (CBMS) Refinancing FY 2005-06
Priority Number: Human Services/Health Care Policy and Financing **Dept. Approval by:** *[Signature]* **Date:** 6/6/08
N/A **OSPb Approval:** *[Signature]* **Date:** 6/6/08

		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 06-07	Appropriation FY 07-08	1331 Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	0	1,564,135	1,616,656	3,180,791	0	0	0	0	0	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	1,564,135	1,616,656	3,180,791	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	0	359,018	659,296	1,018,314	0	0	0	0	0	0
	MGF	0	0	0	0	0	0	0	0	0	0
	NGF	0	0	0	0	0	0	0	0	0	0
(2) Information	Total	0	1,564,135	1,616,656	3,180,791	0	0	0	0	0	0
Technology Services,	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CBMS Federal	GF	0	0	0	0	0	0	0	0	0	0
Reallocation	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	1,564,135	1,616,656	3,180,791	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	0	359,018	659,296	1,018,314	0	0	0	0	0	0
	MGF	0	0	0	0	0	0	0	0	0	0
	NGF	0	0	0	0	0	0	0	0	0	0

Letternote revised text:

Cash Fund name/number, Federal Fund Grant name: Tobacco Litigation Settlement Cash Fund (\$957,360), Medicaid FF (\$659,296)

IT Request: ☐ Yes ☒ No

Request Affects Other Departments: ☒ Yes ☐ No If Yes, List Other Departments Here: Health Care Policy and Financing, State Treasury

EMERGENCY CHANGE REQUEST for FY2008-09 BUDGET REQUEST CYCLE

Department:	Department of Human Services and Department of Health Care Policy and Financing
Priority Number:	N/A
Change Request Title:	Colorado Benefit Management System (CBMS) Refinancing FY 2005-06

SELECT ONE (click on box):

- ☐ Decision Item FY 08-09
☐ Base Reduction Item FY 08-09
☒ Supplemental Request FY 07-08
☐ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☐ Not a Supplemental or Budget Request Amendment
☒ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☐ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

This Supplemental will cover the return of excess federal contributions for the continuing operations of the Colorado Benefits Management System (CBMS). The return of excess funds is for FY05-06, and is due to a variance in Federal participation rates between the Implementation Phase Federal participation rates (the federally accepted CBMS Calculator participation rates), and the continuing operations Federal participation rates, which rely on CBMS specific RMS (Random Moment Sampling) statistics.

Background and Appropriation History:

All participation rates to cover the cost of the CBMS during the Design, Development, and Implementation phases of the CBMS (beginning in FY1996-97 through August 31st, 2004) were a fixed set of rates that had been Federally agreed upon (the CBMS Calculator) based on the Advanced Planning Document Update (APDU) given annually to Food & Nutritional Services (FNS).

After the Implementation phase was completed in August 2004, all participation rates should have shifted from the CBMS Calculator (a fixed set of Federal rates) to CBMS

specific Random Moment Sampling (RMS) statistics. DHS uses the federally approved Random Moment Sampling statistical method to determine the effort county employees are spending on the various federal and state programs. During a given quarter, county workers doing RMS activities (primarily workers with direct client contact, or workers who carry a case load) are randomly polled and asked what RMS activity they are performing at the moment and for what program. To determine the work effort in CBMS, only the RMS responses related to CBMS activities are compiled and used to allocate the State CBMS operating costs to all benefiting Federal and State programs.

DHS collaborated with the Federal Division of Cost Allocation (DCA) to gain acceptance of the DHS FY2005-06 PACAP (Public Assistance Cost Allocation Plan). The FY2005-06 PACAP defined CBMS specific RMS statistics for the operational costs of the CBMS. DHS received formal acceptance of the FY2005-06 PACAP in March 2008. This Supplemental covers a shift in all participation rates between the CBMS specific RMS statistics and the CBMS Calculator for the full year of operations of FY2005-06.

On March 21, 2008, a letter was submitted to inform the DCA that the same cost allocations structures and methodologies of the SFY06 PACAP will be used in SFY07 for the accounting period beginning July 1, 2006 through June 30, 2007. DCA has received the letter and acknowledged the statement. CDHS is currently in the process of obtaining the sampling data to run the analysis of excess funds for FY06-07.

General Description of Request:

DHS is requesting \$1,616,656 CFE consisting of \$957,360 from the Tobacco Litigation Settlement Cash Fund monies set aside in the Department of Treasury for over-expenditures or supplemental appropriations for the Colorado Benefits Management System through SB 08-127, and \$659,296 Medicaid Funds transferred from HCP&F, that combined with an additional \$1,132,541 from Food Stamps (Food Stamps Federal portion of the \$2,265,082 total underpayment), and \$836 from Title XX, will be used to repay TANF \$2,750,033.

Not considered in the total amount, is the amount “owed” to OAP (Old Age Pension) Cash funds of \$1,192,538. Funds to repay OAP are not requested because the OAP fund

revenues traditionally exceed its expenses. If the OAP fund is repaid, this additional revenue would increase the OAP fund balance and the excess funds will be transferred to the General Fund at the end of FY2007-08, resulting in an increase to Capital Construction and Transportation which is not the intended use for the Tobacco Litigation Settlement Funds that will be used to pay back the CBMS partners.

Consequences if Not Funded:

The Federal participation partners for the CBMS project will recover their over-payment by short paying the CBMS project. Not funding this Request will cause the project to lose \$8,604,609 ($\$2,750,033 / .3196 = \$8,604,609$) in total funds.

The 31.96% is the total amount of General Fund for the CBMS project under the old Calculator method (including HCPF's General Fund) of Federal Dollar participation. The loss of this level of spending authority to the project would be catastrophic, and would in the worst case scenario shut down the project, or in the best-case scenario severely cripple the project to near shut down status.

Calculations for Request:

CDHS Summary of Request FY 07-08	Total CBMS Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Medicaid Cash Funds	Medicaid General Fund	Net General Fund
Total request	\$1,616,656	\$0	\$0	\$1,616,656	\$0	\$659,296	\$0	\$0
From SB 08-127	\$957,360	\$0	\$0	\$957,360	\$0	\$0	\$0	\$0
Transfer from HCP&F	\$659,296	\$0	\$0	\$659,296	\$0	\$659,296	\$0	\$0

HCP&F Summary of Request FY 07-08	Total CBMS Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Medicaid Cash Funds	Medicaid General Fund	Net General Fund
Additional Medicaid from Title XIX	\$1,504,973	\$0	\$0	\$0	\$1,504,973	\$0	\$0	\$0
Medicaid Title XXI Payback	(\$845,677)				(\$845,677)			
Net Medicaid Funding	\$659,296				\$659,296			

STATE OF COLORADO FY 07-08 BUDGET REQUEST CYCLE: DEPARTMENT OF HUMAN SERVICES AND HEALTH CARE POLICY AND FINANCING

Treasury Summary of Request FY 07-08	Total CBMS Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Medicaid Cash Funds	Medicaid General Fund	Net General Fund
Transfer from Treasury	(\$957,360)	\$0	(\$957,360)	\$0	\$0	\$0	\$0	\$0

This request does not require additional State General Fund in order to draw the additional federal funds because the State has already paid its share in FY2005-06. If this request is approved the State will re-file its federal cost sharing reports for FY2005-06 to reflect additional revenues earned by the State based on the approved cost allocation plan.

Assumptions for Calculations: The Departments (DHS and HCPF) used the CBMS Calculator to assign all funding participation amounts for the CBMS in FY2005-06. The Departments must now use the CBMS specific RMS statistics for FY2005-06 as approved by DCA in the FY2005-06 PACAP. The charts below illustrate the Requests \$957,360 in additional State General Fund:

Calculator Allocated	CBMS Calculator	DHS Federal	HCPF Federal	Total Federal
<u>Type of CBMS Revenue:</u>	<u>Dollars :</u>	<u>Funds :</u>	<u>Funds :</u>	<u>Funds :</u>
TANF – Colorado Works	\$ 6,853,276	\$6,853,276	\$ 0	\$ 6,853,276
Food Stamps	\$ 3,125,382	\$3,125,382	\$ 0	\$ 3,125,382
Medicaid – Title XIX	\$ 3,084,574	\$ 0	\$3,084,574	\$ 3,084,574
Medicaid – Title XXI	\$ 845,677	\$ 0	\$ 845,677	\$ 845,677
Title XX Dollars	\$ 0	\$ 0	\$ 0	\$ 0
Total CBMS Calculator Dollars:	<u>\$13,908,909</u>	<u>\$9,978,658</u>	<u>\$3,930,251</u>	<u>\$13,908,909</u>

	CBMS Specific RMS Statistics	DHS Federal	HCPF Federal	Total All Federal
<u>Type of CBMS Revenue:</u>	<u>Dollars :</u>	<u>Funds :</u>	<u>Funds :</u>	<u>Funds :</u>
TANF – Colorado Works	\$ 4,103,243	\$ 4,103,243	\$ 0	\$ 4,103,243
Food Stamps	\$ 4,257,923	\$ 4,257,923	\$ 0	\$ 4,257,923
Medicaid – Title XIX	\$ 4,589,547	\$ 0	\$4,589,547	\$ 4,589,547
Medicaid – Title XXI	\$ 0	\$ 0	\$ 0	\$ 0
Title XX Dollars	\$ 836	\$ 836	\$ 0	\$ 836
Total CBMS Specific RMS Dollars:	<u>\$12,951,549</u>	<u>\$ 8,362,002</u>	<u>\$4,589,547</u>	<u>\$12,951,549</u>

Variance Between The Two CBMS Funding Methods :	Cost Allocated Dollars :	DHS Federal Funds :	HCPF Federal Funds :	Additional General Fund Needed (1) :
TANF – Colorado Works	\$ 2,750,033	\$ 2,750,033	\$ 0	\$ 2,750,033
Food Stamps	\$(1,132,541)	\$(1,132,541)	\$ 0	\$ (1,132,541)
Medicaid – Title XIX	\$(1,504,973)	\$ 0	\$(1,504,973)	\$ (1,504,973)
Medicaid – Title XXI	\$ 845,677	\$ 0	\$ 845,677	\$ 845,677
Title XX Dollars	\$ (836)	\$ (836)	\$ 0	\$ (836)
Total Variance Between Methods:	\$ 957,360	\$ 1,616,656	\$ (659,296)	\$ 957,360

(1) The State will have to pay back TANF (Temporary Aide To Needed Families), and recover additional funding from both CBMS Federal Funding Partners Food Stamps and Medicaid. The total state need is \$957,360.

Impact on Other Government Agencies: The impact to both the Department of Human Services and the Department of Health Care Policy and Financing, will be an increase need in State General Fund for FY2005-06 so the Departments may reimburse all our Federal participation partners their share of the amount of overpayments based on the new CBMS specific RMS Statistical data, while not negatively impacting the CBMS spending authority for the additional State General Fund.

Cost Benefit Analysis: By approving the Departments request to utilize \$957,360 of the Tobacco Litigation Settlement Moneys set aside in SB 08-127, CBMS will be able to reimburse all its funding partners for FY2005-06, and as such will be allowed to draw federal funds for the current fiscal year. Without this adjustment our federal funding partners will withhold funding until the \$2,750,033. The resulting cost to the CBMS Project would be a loss of \$8,604,609 (total impact to spending authority), which would in essence create a situation where the CBMS would not be able to continue to operate and issue accurate benefits to the citizens of the Colorado.

Implementation Schedule: All The CBMS funding participation partners will be reimbursed as soon as the increased spending authority has been approved.

Statutory and Federal Authority:

OMB-Circular A-87 – State and Local Indirect Cost Rate Proposals.

“Indirect cost allocations not using rates. In certain situations, a governmental unit, because of the nature of its awards, may be required to develop a cost allocation plan that distributes indirect (and, in some cases, direct) costs to the specific funding sources. In these cases, a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted as appropriate, to the cognizant agency for review, negotiation, and approval.”

45CFR98:S: TITLE 45 SUBPART E-COST ALLOCATION PLANS

CFR – Code of Federal Regulations – Title 45, Volume 1 – Part 95 – Sub-Part E

Sec. 95.501: PURPOSE

This Sub-Part establishes requirements for:

- a. Preparation, submission, and approval of State agency Cost Allocation Plans for public assistance programs; and
- b. Adherence to approved cost allocation plans in computing claims for Federal financial participation.

CFR – Code of Federal Regulations – Title 45, Volume 1 – Part 95 – Sub-Part E

Sec. 95.517: Claims for Federal Financial Participation.

- (a) A State must claim FFP for costs associated with a program only in accordance with its approved cost allocation plan. However, if a State has submitted a plan amendment for a State agency, it may, as its option claim FFP based on the proposed plan or plan amendment, unless otherwise advised by the DCA. However, where a State has claimed costs based on a proposed plan or plan amendment the State, if necessary, shall retroactively adjust its claims in of CBMS.

Section 1. 24-22-115, C.R.S. Tobacco litigation settlement case fund-health care supplemental appropriations and over expenditures account – creation.

Senate Bill 09-127 amended Section 1. 24-22-115, (4) (a), C.R.S. to read:

(4) (a) Six million two hundred thousand dollars of the moneys in the account may be used only for over expenditures or supplemental appropriations to the children's basic health plan trust created pursuant to section 25.5-8-105,c.r.s., for the 2006-07 and 2007-08 fiscal years or, to the extent not needed for that purpose, for over expenditures or supplemental appropriations for the Colorado benefits management system for the 2006-07, 2007-08, OR 2008-09 fiscal years. All other moneys in the account may be used only for over expenditures or supplemental appropriations for the Colorado benefits management system for the 2006-07, 2007-08, OR 2008-09 fiscal years. All moneys in the account not appropriated for the 2006-07, 2007-08, OR 2008-09 fiscal years pursuant to a supplemental appropriations bill enacted by the general assembly or approved for over expenditure by a majority of the members of the joint budget committee of the general assembly as evidenced by the receipt by the state controller of written confirmation of such approval pursuant to section 24-75-111 (1) (c) (I) (c) on or before April 15, 2009, shall revert to the tobacco litigation settlement cash fund on April 16, 2009, and be allocated as specified in this section, section 24-22-115.5, and part 11 of article 75 of this title.